

## TARIFF ACTION MEMORANDUM

Date: December 3, 2020<sup>1</sup>

File No.: TA40-733

Date Filed: October 30, 2020

Statutory End Date: December 14, 2020

Requested Effective Date: December 14, 2020

Utility: Cook Inlet Natural Gas Storage Alaska, LLC.

Description: Special Contract Amendment

### Synopsis of Filing:

Cook Inlet Natural Gas Storage Alaska, LLC (CINGSA) is seeking approval of an amendment to its Firm Storage Service (FSS) Agreement with Chugach Electric Association, Inc. (Chugach).

### **Tariff Recommendation:**

Staff recommends the Commission:

1. Approve the second revision of Tariff Sheet No. 82, as shown on the attached side-by-side tariff sheet Attachment CNR-1, effective December 14, 2020; and
2. Approve the second amendment to the FSS Agreement, as shown on Attachment CNR-2.

**Reason(s) for the above-indicated recommendation:** See attached memorandum.

Signed: Cameron N. Rollins Title: Utility Engineering Analyst  
Cameron Rollins

Commission decision regarding this recommendation:

	Date (if different from <u>12/03/2020</u> )	<u>I CONCUR</u>	<u>I DO NOT CONCUR</u>	<u>I WILL WRITE A DISSENTING STATEMENT*</u>
Pickett		<u>RMP</u>		
McAlpine		<u>SM</u> SM		
Scott		<u>AGS</u> AGS		
Sullivan		<u>DS</u> DS		
Wilson		<u>JW</u> JW		

\* If this column is initialed, Staff will contact the Commissioner for the statement; otherwise, the dissent will simply be noted at the close of the By Direction letter or order.

<sup>1</sup> Staff signed this document on 12/1/2020.

STATE OF ALASKA  
**The Regulatory Commission of Alaska**  
701 West 8<sup>th</sup> Ave., Suite 300  
Anchorage, Alaska 99501-3469

**M E M O R A N D U M**

To: Robert Pickett, Chairman  
Stephen McAlpine  
Antony Scott  
Dan Sullivan  
Janis W. Wilson

Date: December 3, 2020<sup>2</sup>

From: Cameron Rollins, Utility Engineering Analyst

Subject: TA40-733, Cook Inlet Natural Gas Storage Alaska, LLC.

**Statement of Case**

On October 30, 2020, Cook Inlet Natural Gas Storage Alaska, LLC (CINGSA), submitted a tariff filing seeking approval of an amendment to its Firm Storage Service (FSS) Agreement with Chugach Electric Association, Inc. (Chugach).<sup>3</sup>

**Recommendation**

Staff recommends the Commission:

1. Approve the second revision of Tariff Sheet No. 82, as shown on the attached side-by-side tariff sheet Attachment CNR-1, effective December 14, 2020; and
2. Approve the second amendment to the FSS Agreement, as shown on Attachment CNR-2.

**Procedural History**

On October 30, 2020 CINGSA submitted the Tariff Filing seeking approval of an amendment to its FSS Agreement with Chugach.

Public Notice was issued November 2, 2020, with a closing date of December 2, 2020 for comments. As of the time of this memorandum, the Commission has not received any comments.

**Issues**

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<sup>2</sup> Staff signed this document on 12/1/2020.

<sup>3</sup> *Cook Inlet Natural Gas Storage Alaska – Contract – Special (FSS Agreement with Chugach Electric Association)* (Tariff Filing), filed October 30, 2020.

1. Should the Commission approve the revision to Tariff Sheet No. 82?
2. Should the Commission approve the Second Amendment to the FSS Agreement?

## **Analysis**

### *Background*

Chugach and Municipal Light and Power (ML&P) have entered into an Asset Purchase and Sale Agreement, as approved in U-19-020 and U-19-021. The proposed amendment to Tariff Sheet No. 82 removes the listing of ML&P within the Tariff's Schedule of Special Contracts.

CINGSA states, "through the ML&P Acquisition, Municipality of Anchorage (MOA) will assign, transfer, and deliver to Customer all of MOA's right, title, and interest in, to, and under the ML&P FSS Agreement, and Customer will accept and assume all of MOA's right, title, interest in, to, and under the ML&P FSS Agreement.<sup>4</sup> They also state that they desire to terminate ML&P FSS Agreement and amend the Chugach FSS Agreement to incorporate the Assigned FSS Interest for administrative efficiency.

### *Standard of Review*

Staff reviews a tariff filing to ensure compliance with applicable regulations (3 AAC 48.200-3 AAC 48.430).<sup>5</sup> Staff also reviews proposed tariff sheets to ensure the stated text is easily understood, and the tariff provisions clearly and comprehensively describe and address the situation to which the tariff provision applies. When approving the tariff filing, the Commission must be assured that rates and services are just, reasonable, and non-discriminatory.<sup>6</sup> Staff also reviews the proposed tariff language for conformance with accepted industry standards and practices.

### Tariff Sheet No. 82

Tariff Sheet No. 82 contains Section 36, which details the schedule of special contracts. CINGSA has proposed to remove ML&P from this schedule, to reflect the changes approved in the Asset Purchase and Sale Agreement. Since the Commission has approved the Asset Purchase and Sale Agreement, Staff believes that the proposed changes to Tariff Sheet No. 82 are appropriate.

Regarding the effective date of the proposed tariff sheet revision, CINGSA states, "As this is an amendment to a special contract, it cannot take affect without the prior

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<sup>4</sup> *Tariff filing*, pg.3.

<sup>5</sup> See 3 AAC 48.200-430, Utility and Pipeline Tariffs.

<sup>6</sup> See AS 42.05.411, New or Revised Tariffs, AS 42.05.291, Standards of Service and Facilities, AS 42.05.301, Discrimination in Service, AS 42.05.391, Discrimination in Rates, and AS 42.05.381, Rates to be Just and Reasonable.

approval of the Commission. CINGSA respectfully requests that the Commission approve this filing by the end of the 45-day statutory notice and review period.” The statutory deadline for this proceeding is December, 14, 2020.

Staff’s review of the proposed Tariff Sheet No. 82 revealed that it meets the minimum requirements of 3 AAC 48.330, 3 AAC 48.340(a), (b), and (c), and 3 AAC 48.360(g)<sup>7</sup> and therefore should be approved.

### Second Amendment to FSS Agreement

Only Appendix A and Paragraph 3 (detailing the effective date) to Chugach's FSS Agreement have been amended. Appendix A specifies the individual customer’s contract quantities. This amendment cancels the FSS Agreement between ML&P and CINGSA (dated October 17, 2011 filed under TA12-733) and amends the FSS Agreement between Chugach and CINGSA (dated October 17, 2011 filed under TA12-733).

The only change to Amendment A is the combining of ML&P’s contracted FSS quantities with Chugach’s contracted FSS quantities. Staff finds that the proposed amendment to the FSS Agreement are consistent with the Commission’s approval in Docket Nos. U-19-020 and U-19-021, and therefore should be approved.

### **Conclusion**

Staff recommends the Commission:

1. Approve the second revision of Tariff Sheet No. 82, as shown on the attached side-by-side tariff sheet Attachment CNR-1, effective December 14, 2020; and
2. Approve the second amendment to the FSS Agreement, as shown on Attachment CNR-2.

**Signature:** 

**Email:** bob.pickett@alaska.gov

**Signature:**   
Stephen McAlpine (Dec 2, 2020 17:29 AKST)

**Email:** stephen.mcalpine@alaska.gov

**Signature:**   
Dan Sullivan (Dec 3, 2020 09:32 AKST)

**Email:** daniel.sullivan@alaska.gov

**Signature:** 

**Email:** antony.scott@alaska.gov

**Signature:** 

**Email:** janis.wilson@alaska.gov

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<sup>7</sup> 3 AAC 48.330 provides requirements on the format of each state tariff sheet. 3 AAC 48.340(a) requires each new tariff sheet to have the letters “RCA” in the upper left-hand corner of each tariff sheet. 3 AAC 48.340(b) requires each sheet of every tariff must bear a sheet number. 3 AAC 48.340(c) explains how each tariff sheet must be labeled as to which revision is the current revision. 3 AAC 48.360(d) provides directions to a pipeline carrier also subject to federal jurisdiction on the placement of sections of its currently effective federal tariff which are applicable to intrastate transportation of oil and petroleum products. 3 AAC 48.360(g) provide information to pipeline carriers on the use and location of symbols noting modification of rules and regulations found in tariffs.

RCA No. 733    **First Revision  
Cancelling  
Original**

Sheet No.    **82**  
Sheet No.    **82**

**RECEIVED**  
**January 31, 2020**  
STATE OF ALASKA  
REGULATORY COMMISSION OF ALASKA

**Cook Inlet Natural Gas Storage Alaska, LLC**

SECTION 36    SCHEDULE OF SPECIAL CONTRACTS		
<u>Customer</u>	<u>Contracted Service</u>	<u>Contract Effective Date</u>
ENSTAR Natural Gas Company	Firm Service	October 17, 2011
Chugach Electric Association, Inc.	Firm Service	October 17, 2011
<b>Anchorage Municipal Light &amp; Power</b>	<b>Firm Service</b>	<b>October 17, 2011</b>
Alaska Electric and Energy Cooperative, Inc.	Firm Service	October 17, 2011

Pursuant to U-19-025(20)

**Effective: August 5, 2020**

**Issued By:** Cook Inlet Natural Gas Storage Alaska, LLC

RCA No. 733    **Second Revision  
Cancelling  
First Revision**

Sheet No.    **82**  
Sheet No.    **82**



**Cook Inlet Natural Gas Storage, Alaska, LLC**

SECTION 36    SCHEDULE OF SPECIAL CONTRACTS		
<u>Customer</u>	<u>Contracted Service</u>	<u>Contract Effective Date</u>
ENSTAR Natural Gas Company	Firm Service	October 17, 2011
Chugach Electric Association, Inc.	Firm Service	October 17, 2011
Alaska Electric and Energy Cooperative, Inc.	Firm Service	October 17, 2011

**D**

**D – Deleted Anchorage Municipal Light & Power special contract**

**TA 40-733**

**Effective:**

**Issued By:** Cook Inlet Natural Gas Storage, Alaska, LLC

## AMENDMENT NO. 2 TO FSS SERVICE AGREEMENT

Amendment No. 2 to FSS Service Agreement, dated October 30, 2020, (the "**Amendment**"), between Cook Inlet Natural Gas Storage Alaska, LLC, ("**Seller**"), and Chugach Electric Association, Inc., an Alaska electric cooperative association having its principal place of business at Anchorage, Alaska ("**Customer**", and together with **Seller**, the "**Parties**", and each, a "**Party**").

WHEREAS, the Parties have entered into a FSS Service Agreement, dated July 27, 2011 (the "**Chugach FSS Agreement**");

WHEREAS, Customer and the Municipality of Anchorage ("**MOA**") have entered into a certain Asset Purchase and Sale Agreement, dated as of December 28, 2018, as amended or modified (the "**APA**"), whereby Customer will purchase substantially all of the assets of the MOA's Municipal Light and Power Department ("**ML&P**"), hereinafter referred to as the "**ML&P Acquisition**";

WHEREAS, the Closing of the ML&P Acquisition is expected to occur on October 30, 2020;

WHEREAS, Seller and ML&P have also entered in a FSS Service Agreement, dated August 3, 2011 (the "**ML&P FSS Agreement**");

WHEREAS, through the ML&P Acquisition, MOA will assign, transfer, and deliver to Customer all of MOA's right, title, and interest in, to, and under the ML&P FSS Agreement, and Customer will accept and assume all of MOA's right, title, interest in, to, and under the ML&P FSS Agreement ("**Assigned FSS Interests**");

WHEREAS, for administrative efficiency, the Parties hereto desire to terminate the ML&P FSS Agreement and amend the Chugach FSS Agreement ("Existing Agreement") to incorporate the Assigned FSS Interests on terms and subject to the conditions set forth herein;

WHEREAS, pursuant to Section VI.2 of the Chugach FSS Agreement, the amendments contemplated by the Parties must be contained in a written agreement signed by an authorized representative of each Party.

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Definitions. Capitalized terms used and not defined in this Amendment have the respective meanings assigned to them in the Existing Agreement.

2. Amendments to the Existing Agreement. As of the Effective Date (defined below), the Existing Agreement is hereby amended or modified as follows:

(a) Appendix A of the Existing Agreement is hereby deleted in its entirety and replaced with the attached Appendix A – Revised.

3. Date of Effectiveness; Limited Effect. This Amendment shall continue in full force and effect from the date upon which satisfaction of the following conditions precedent occurs: (1) Customer shall have closed the ML&P Acquisition and (2) the Parties shall have received all necessary regulatory approvals (the "**Effective Date**"). Billing under this Amendment shall begin on the first day of the month following satisfaction of the conditions precedent. Except as expressly provided in this Amendment, all of the terms and provisions of the Existing Agreement are and will remain in full force and effect and are hereby ratified and confirmed by the Parties. Without limiting the generality of the foregoing, the amendments contained herein will not be construed as an amendment to or waiver of any other provision of the Existing Agreement or of any other related agreement or as a waiver of or consent to any further or future action on the part of either Party that would require the waiver or consent of the other Party. On and after the Effective Date, each reference in the Existing Agreement to "this Agreement," "the Agreement," "hereunder," "hereof," "herein," or words of like import, and each reference to the Existing Agreement in any other agreements, documents, or instruments executed and delivered pursuant to, or in connection with, the Existing Agreement, will mean and be a reference to the Chugach FSS Agreement as amended by this Amendment.

4. RCA Approval. This Amendment does not take effect without the prior acceptance or approval of the Regulatory Commission of Alaska ("**RCA**") and is at all times subject to revision by the RCA.

5. Representations and Warranties. Each Party hereby represents and warrants to the other Party that:

(a) It has the full right, power, and authority to enter into this Amendment and to perform its obligations hereunder and under the Chugach FSS Agreement as amended by this Amendment.

(b) The execution of this Amendment by the individual whose signature is set forth at the end of this Amendment on behalf of such Party, and the delivery of this Amendment by such Party, have been duly authorized by all necessary action on the part of such Party.

(c) This Amendment has been executed and delivered by such Party and (assuming due authorization, execution, and delivery by the other Party hereto) constitutes the legal, valid, and binding obligation of such Party, enforceable against such Party in accordance with its terms

WITH RESPECT TO THIS AMENDMENT, EACH PARTY HERETO ACKNOWLEDGES THAT IT HAS NOT RELIED UPON ANY REPRESENTATION OR WARRANTY MADE BY THE OTHER PARTY, OR ANY OTHER PERSON ON SUCH OTHER PARTY'S BEHALF, EXCEPT AS SPECIFICALLY PROVIDED IN THIS SECTION 5.

6. Miscellaneous.

(a) This Amendment is governed by and construed in accordance with the laws of the State of Alaska, without regard to the conflict of law provisions of such State.

(b) This Amendment shall inure to the benefit of and be binding upon each of the Parties and each of their respective permitted successors and assigns.

(c) The headings in this Amendment are for reference only and do not affect the interpretation of this Amendment.

(d) This Amendment may be executed in counterparts, each of which is deemed an original, but all of which constitute one and the same agreement.

(e) This Amendment constitutes the sole and entire agreement between the Parties with respect to the subject matter contained herein, and supersedes all prior and contemporaneous understandings, agreements, representations, and warranties, both written and oral, with respect to such subject matter.

IN WITNESS WHEREOF, the Parties have executed this Amendment as of the date first written above.

SELLER

By 

Name: John Sims

Title: President

CUSTOMER

By 

Name: Lee D. Thibert

Title: Chief Executive Officer



**Appendix A for Chugach Electric Association, Inc. - Revised**

**Page 1 of 6**

**Contract Quantities**

**This Appendix A is effective: from the Commencement Date through March 31, 2013**

Total Contract Quantity: 2.4 BcF .

Maximum Storage Quantity ("MSQ"): 2.4 BcF .

Contract Injection Quantity ("CIQ"): 27,000

Contract Withdrawal Quantity ("CWQ"): 35,000

Maximum Daily Injection Quantity ("MDIQ"):

<b>%MSQ</b>	<b>MDIQ (Mcf/day)</b>
0%-55%	27,000
55%-90%	17,820
>90%	13,500

Maximum Daily Withdrawal Quantity ("MDWQ"):

<b>%MSQ</b>	<b>MDWQ (Mcf/day)</b>
100%-45%	35,000
45%-20%	25,550
<20%	19,600

**Appendix A - Revised**  
**Page 2 of 6**  
**Contract Quantities**

This Appendix A is effective: from April 1, 2013 through March 31, 2014.

Total Contract Quantity: 2.3 Bcf.

Maximum Storage Quantity ("MSQ"): 2.3 Bcf.

Contract Injection Quantity ("CIQ"): 27,000

Contract Withdrawal Quantity ("CWQ"): 35,000

Maximum Daily Injection Quantity ("MDIQ"):

<b>%MSQ</b>	<b>MDIQ (Mcf/day)</b>
0%-55%	27,000
55%-90%	17,820
>90%	13,500

Maximum Daily Withdrawal Quantity ("MDWQ"):

<b>%MSQ</b>	<b>MDWQ (Mcf/day)</b>
100%-45%	35,000
45%-20%	25,550
<20%	19,600

**Appendix A – Revised**  
**Page 3 of 6**  
**Contract Quantities**

**This Appendix A is effective: from April 1, 2014 through March 31, 2016.**

Total Contract Quantity: 1.9 Bcf.

Maximum Storage Quantity ("MSQ"): 1.9 Bcf.

Contract Injection Quantity ("CIQ"): 27,000

Contract Withdrawal Quantity ("CWQ"): 35,000

Maximum Daily Injection Quantity ("MDIQ"):

<b>%MSQ</b>	<b>MDIQ (Mcf/day)</b>
0%-55%	27,000
55%-90%	17,820
>90%	13,500

Maximum Daily Withdrawal Quantity ("MDWQ"):

<b>%MSQ</b>	<b>MDWQ (Mcf/day)</b>
100%-45%	35,000
45%-20%	25,550
<20%	19,600

**Appendix A – Revised**  
**Page 4 of 6**  
**Contract Quantities**

This Appendix A is effective: from April 1, 2016 through March 31, 2017.

Total Contract Quantity: 1.7 Bcf.

Maximum Storage Quantity ("MSQ"): 1.7 Bcf.

Contract Injection Quantity ("CIQ"): 27,000

Contract Withdrawal Quantity ("CWQ"): 35,000

Maximum Daily Injection Quantity ("MDIQ"):

<b>%MSQ</b>	<b>MDIQ (Mcf/day)</b>
0%-55%	27,000
55%-90%	17,820
>90%	13,500

Maximum Daily Withdrawal Quantity ("MDWQ"):

<b>%MSQ</b>	<b>MDWQ (Mcf/day)</b>
100% -45%	35,000
45%-20%	25,550
<20%	19,600

**Appendix A - Revised**  
**Page 5 of 6**  
**Contract Quantities**

This Appendix A is effective: from April 1, 2017 through Effective Date.

Total Contract Quantity: 1.6 Bcf.

Maximum Storage Quantity ("MSQ"): 1.6 Bcf.

Contract Injection Quantity ("CIQ"): 27,000

Contract Withdrawal Quantity ("CWQ"): 31,000

Maximum Daily Injection Quantity ("MDIQ"):

% of MSQ	MDIQ (Mcf/day)
0%-55%	27,000
55%-90%	17,820
>90%	13,500

Maximum Daily Withdrawal Quantity ("MDWQ"):

% of MSQ	MDWQ (Mcf/day)
100%-45%	31,000
45%-20%	22,630
<20%	17,360

**Appendix A - Revised**  
**Page 6 of 6**  
**Contract Quantities**

This Appendix A is effective: **from Effective Date through March 31, 2032.**

Total Contract Quantity: 2.1 Bcf .

Maximum Storage Quantity ("MSQ"): 2.1 Bcf .

Contract Injection Quantity ("CIQ"): 37,000 Mcf .

Contract Withdrawal Quantity ("CWQ"): 41,000 Mcf .

Maximum Daily Injection Quantity ("MDIQ"):

<b>% of MSQ</b>	<b>MDIQ (Mcf/day)</b>
0%-55%	37,000
55%-90%	24,420
>90%	18,500

Maximum Daily Withdrawal Quantity ("MDWQ"):

<b>% of MSQ</b>	<b>MDWQ (Mcf/day)</b>
100%-45%	41,000
45%-20%	29,930
<20%	22,960